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(1) Editorial: Energetic deliberations on new antiterror bill expected in state of reversal of strengths between ruling, opposition camps

ASAHI (Page 3) (Full)
December 5, 2007

Deliberations on the new antiterrorism bill that would resume the Maritime Self-Defense Force's (MSDF) refueling operation in the Indian Ocean started at the House of Councillors yesterday. How will this issue be settled under the present political situation, in which the opposition camp controls the Upper House and the ruling bloc holds a majority in the House of Representatives? The tug-of-war over the bill between the ruling and opposition parties has come to the most important stage.

Observers have begun to speculate whether the government and the ruling camp would extend the current Diet session, which is scheduled to end on Dec. 15, and whether the ruling camp would bring the bill back into the Lower House for a revote.

The possibility of the Lower House dissolved for a snap election cannot be dismissed. A budget for next fiscal year will be soon compiled. Naturally, attention is being focused on moves by Prime Minister Fukuda and the Democratic Party of Japan (DPJ).

This is just the beginning for the opposition bloc to prove its worth by showing its real ability in the state of the reversal of

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strengths between the ruling and opposition camp. The opposition camp should conduct a different type of debate from those at the coalition-controlled Lower House, although we don't want to see the opposition parties taking advantage of their larger number of seats.

The government has constantly said that resuming the refueling mission is indisputably a means for Japan to fulfill its international responsibility. But discussion should be conducted with the entire picture of the mission in mind. Otherwise, it will be hard for the people to make a judgment on the propriety of the continuation of the mission, as shown by the results of an opinion poll by the Asahi Shimbun. In the survey, respondents were split over the propriety of resumption of the MSDF refueling mission, both at 44 PERCENT .

Even though six years have already passed since the Taliban government collapsed, the situation in Afghanistan is worse than before. In countries that have dispatched their troops, their governments have seriously discussed whether the current situation is acceptable as an increasing number of Afghan civilians and soldiers have been killed.

The withdrawal of the MSDF from the Indian Ocean could deal a blow to the governments of the countries willing to continue their troops' mission in view of persuading public opinion. They might have to take care of the refueling service that had been provided by the MSDF. But it certainly is time to reconsider the purpose and effect of the coalition's current assistance in Afghanistan.

The DPJ, opposed to the government's new bill, should present its counterproposal on what contributions Japan should offer.

Another major task in the last-stage current Diet session, intertwined with deliberations on the new antiterror bill, is the reform of defense regulations, reflecting on a series of scandals involving the Defense Ministry, including the bribe case of former Vice Defense Minister Takemasa Moriya.

The Tokyo district Public Prosecutors Office is investigating these scandals as criminal cases. But there is the role that should be

played by the Diet. If it is probed true that politicians, bureaucrats, and former self-defense officers have pocketed tax money when procuring equipment or through bidding for contracts or the amakudari practice (the practice of former government officials finding employment in the private sector), the Diet should work to reveal the real picture of such cases. It should form a mechanism to prevent a recurrence. The chief player of civilian control is the Diet, so we expect the Diet to play its role properly.

Public trust in defense governance is wavering. The government and the ruling camp assert that the clarification of the defense scandals and a resumption of the refueling service are separate issues. But this view is not necessarily true. If the ruling camp rams the bill through the Diet by resorting to its two-thirds majority, SDF troops will be dispatched overseas while the issue of public trust is being put on hold. We feel sorry for such troops.

The DPJ must not try to put off deliberations on the bill in an attempt to have the government dissolve the Lower House. The main opposition party should energetically promote deliberations in order to respond to the expectation of voters as shown in the July Upper

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House election.

(2) Editorial: Where is DPJ's counterproposal to new antiterrorism legislation?

MAINICHI (Page 5) (Full)
December 5, 2007

The House of Councillors Foreign Affairs and Defense Committee has finally begun discussing a new antiterrorism special measures bill to return the Maritime Self-Defense Force's supply ship to the Indian Ocean. It has been three weeks since the bill passed the House of Representatives. During that period, a variety of events occurred, such as the prime minister's foreign trips. Still, the legislative branch lacks a sense of speed.

Given the opposition camp's control of the Upper House, the focus is on the response of the major opposition Democratic Party of Japan (DPJ or Minshuto). As far as yesterday's debates are concerned, the basic posture toward the bill was the same, though there were minor differences in the standpoints of those who took the floor.

Keep opposing the new legislation is fine. But why is it that the DPJ has not submitted its own counterproposal to the Diet, while insisting that Japan should contribute to Afghanistan in a different form? As the largest party in the Upper House that has the power to approve or kill bills, it must become aware that opposing a matter without producing a counterproposal is unconvincing.

How should Japan become involved in the international effort of the war on terror? The debate to find the answer to this question -- the crux of the new antiterrorism legislation -- has not deepened because the DPJ has been slow to come up with its counterproposal to the refueling operation.

The DPJ has not given up on producing a counterproposal. Following President Ichiro Ozawa's proposal to allow Self-Defense Force troops join the International Security Assistance Force (ISAF), the DPJ began studying its own counterproposal, and it presented to a party foreign affairs and defense department meeting in mid-November a draft summary corresponding to an outline of the Afghanistan humanitarian reconstruction support special measures legislation for prevention of terrorism.

The DPJ's outline is specifically designed to allow SDF personnel and police officers to provide civilian assistance in areas where ceasefire agreements have been reached or civilians will not suffer damage, rather than to join the main body of ISAF that has suffered many casualties. The DPJ's outline also proposes relaxing the weapons use regulations.

But from within the DPJ, its outline drew such reactions as that "Who will determine a ceasefire?" and "It is just an armchair

theory." Work to elevate it into a bill has been stalled.

If the DPJ presents a counterproposal, it would have to answer questions in place of the government. The contents of the DPJ plan would not be based on field surveys and would not be fine-tuned, either. The ruling bloc is expected to attack shortfalls in the DPJ proposal. That is supposedly why the DPJ is not trying to come up with its own counterproposal.

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In yesterday's question-and-answer session, there was an instance when the government was surprised by a DPJ member's comment: "Our counterproposal is to stop the refueling operation in the Indian Ocean." Another member strongly implied that if Diet approval was added to the government plan, he could support it. Views in the DPJ on the new antiterrorism legislation are not uniform.

The current extraordinary Diet session closes on Dec. 15. The committee which meets twice a week has only three days left to discuss the new legislation. The Diet session is expected to be re-extended. Is the DPJ going to continue opposing the legislation without producing its own counterproposal? Such an attitude is not appropriate for a party aiming to take over the reins of government.

(3) Finance Ministry's policy on fiscal 2008 budget: General account budget to reach 83-84 trillion yen; Issuance of government bonds to be kept at 25 trillion yen level

MAINICHI (Page 2) (Full)
December 5, 2007

The Finance Ministry yesterday underwent coordination with the intention to set the total amount of the general account in the fiscal 2008 budget at the 83-84 trillion yen level, up about 1-2 trillion yen from the initial budget for fiscal 2007. The size of the general account will increase for the second consecutive year. Tax revenues are estimated to reach 53 trillion yen, the level similar to the initial budget for fiscal 2007. The ministry intends to constrain the issuance of government bonds at the 25 trillion yen level, similar to the level in the fiscal 2007 initial budget.

However, chances are that if pressure from the ruling parties from the ruling parties for an increase in expenditures builds up with the next Lower House election close at hand, the issuance of new government bonds could increase.

Regarding general expenditures, policy-related portion of the budget, such as social security spending, the Finance Ministry aims at achieving the budget guidelines set at 47.3 trillion yen, up 30 billion yen from the fiscal 2007 initial budget. It intends to pursue maximum spending cuts.

However, general expenditures could increase by 100-200 billion yen due to a growing call from the ruling camp for frontloading portions of an increase in state contributions to the basic pension following its devastating defeat in the July Upper House election.

Though appropriations for government bonds to be used for the payment of principals and interest of government bonds will exceed the amount earmarked in the fiscal 2007 budget, the amount will be smaller by more than several hundred-billion yen from the 22.2 trillion yen as of the filing of budget requests due to a revision to the estimated interest rate. Tax allocation grants will likely increase, compared with the fiscal 2007 budget, due to sluggish growth in local tax revenues, but the scope of the increase will be constrained as much as possible.

As a result, the Finance Ministry wants to cut the total amount of the general account from the estimate budget requests of 85.69 trillion yen made by government agencies and constrain the issuance of government bonds to a level similar to the previous year.

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General account tax revenues for fiscal 2008 are estimated to come to the 53 trillion yen level, which is almost the same level as the amount in the fiscal 2007 budget due to slow growth in corporate tax revenues.

500 billion yen for supplementary budget

The Finance Ministry yesterday decided to appropriate about 500 billion yen for the fiscal 2007 supplementary budget. In the initial budget, tax revenues were estimated to come to 53.5 trillion yen, but the amount has to be lowered by about 1 trillion yen due to a sluggish increase in corporate tax revenues. The fiscal 2007 supplementary budget will, therefore, be smaller, compare with the fiscal 2006 supplementary budget (3.77 trillion yen). Amid growing pressure for spending, the Finance Ministry will clarify its stance of slashing expenditures, by making the issuance of new government bonds at zero.

(4) Administrative reform minister and agriculture minister fail to reach agreement on reform of independent administrative corporations over integration of six such corporations into one organization

YOMIURI (Page 4) (Full)
December 5, 2007

State Minister in Charge of Administrative Reform Watanabe yesterday met with Agriculture Minister Wakabayashi to discuss the reform of independent administrative corporations. Watanabe asked Wakabayashi to consolidate into one organization six research institutes under the control of the Agriculture Ministry, including the National Institute of Agrobiological Resources and the Forest and Forest Products Research Institute, but Wakabayashi did not agree to do so. Wakabayashi also rejected Watanabe's call for integrating the Fisheries Research Agency and the National Fisheries University.

As for the National Agriculture and Food Research Organization, Watanabe indicated a plan to split this organization into two and consolidate them into independent administrative corporations, which are respectively under the control of the Ministry of Finance and the Ministry of Health, Labor and Welfare. Wakabayashi came up with a positive stance about the plan. The meeting between Watanabe and Wakabayashi was held as part of ministerial-level negotiations aimed at creating a plan to streamline the independent administrative corporations by the end of the year. The two ministers will meet again, but their negotiations are likely to face hard going.

(5) Foreign Ministry in its ODA white paper draft sounds alarm against declining ODA

YOMIURI (Page 4) (Full)
December 5, 2007

The Ministry of Foreign Affairs (MOFA) yesterday drafted an official development assistance (ODA) white paper for 2007 and submitted a draft to the ruling Liberal Democratic Party (LDP).

Japan sank to the third place in terms of ODA amounts in 2006, surpassed by Britain. From the viewpoint that the current level of ODA amounts harms national interests, the draft carries many instances illustrating the role of ODA, which bolsters the foundation of Japanese diplomacy.

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The draft also emphasizes the need for ODA to make up for Japan's shortage of human contributions, explaining that Japan has sent only 52 officials to United Nations peacekeeping operations.

(6) Move to cut air fares likely to accelerate with FTC deciding to make international cartel subject to AML

SANKEI (Top Play) (Full)
December 3, 2007

Price competition for international flights landing at and taking off from Japanese airports will now likely become even fiercer due to the Fair Trade Commission's decision to call on the Transport Ministry this week to scrap a system exempting a price cartel for air fares set by the International Air Transport Association (IATA), an industry organization for airline companies, from the application of the Antimonopoly Law (AML). If the Transport Ministry abolishes the system, revising the Aviation Law, discount tickets for first-class seats or reduced fares for business-class and economy-class seats will likely appear on the market.

IATA fares are set, based on a kind of a price cartel. However, this practice has been exempt from the application of the AML throughout the world, as it has been considered necessary for passengers to connect to other flights or change the airlines they use. IATA fares are applied to all first-class tickets and 90 PERCENT of business-class tickets for flights landing at and leaving Japanese airports.

However, since no inconveniences have occurred regarding economy-class tickets, to which IATA fares have hardly been applied, the FTC has judged that the AML application exemption system would be unnecessary. It has also judged that the unified fuel surcharges should be subject to the AML.

If the Transport Ministry revises the Aviation Law to scrap the AML exemption system, it would become impossible to adopt IATA fares to first-class and business-class seats for flights landing at and leaving Japanese airports, inevitably giving rise to price-cutting competition. It would also become impossible for airliners to refer to reduced IATA fares that place restrictions on changes of airliners by customers.

Airline companies independently set economy-class fares. However, they in fact appear to be referring to discount IATA fares when setting their own prices. For instance, the prices of economy-class seats for flights between Tokyo and Los Angeles offered by Japan Airlines and All Nippon Airways are generally linked to reduced IATA fares. For this reason, a revision to the Aviation Law is believed to lead to fiercer competition.

Many countries have an AML exemption system. However, the European Union abolished it in October this year, the first time for a leading economy to do so. This move is beginning to become a global trend. However, the Transport Ministry could oppose the idea of abolishing the system, because its stance is that the exemption system benefits customers and there is no immediate problem about the present system.

(7) 12 discretionary contracts made at Kyuma's orders

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AKAHATA (Top play) (Abridged)
November 30, 2007

"Politicians have more powers."

Former Administrative Vice Defense Minister Takemasa Moriya, 63, voiced dissatisfaction to a senior Defense Ministry official close to him. Shortly thereafter, Moriya was arrested on bribery charges.

Moriya was talking about the power of influence on the Defense Ministry's procurement of weaponry and equipment totaling approximately 2 trillion yen a year. In the Defense Ministry's procurement, discretionary contracts (contracts that are not subjected to competitive open bidding) account for an extremely high percentage, making them a hotbed for bribery and vested interests.

In the former Defense Agency's procurement, orders from its director general (state minister) were influential. The Defense Agency director general took part in the process of screening and selecting military aircraft models and other weapons. In connection with selected models, the Defense Agency director general was authorized to order discretionary contracts with specific companies or brokers.

Why did the former Defense Agency conclude discretionary contracts (instead of competitive open bidding)? As one of the reasons for this, the Defense Ministry cited "orders from the Defense Agency director general." In the breakdown of the Defense Agency's contracts concluded during the period of five fiscal years from 2001 to 2005, 247 contracts-totaling 582,663,472,659 yen-were at the orders of Defense Agency directors general.

For instance, on Jan. 14, 1997, when Fumio Kyuma was the Defense Agency director general, the Defense Agency decided to procure a new intermediate-range ground-to-air guided missile at his orders. In FY2001, the Defense Agency entered into two optional contracts with Mitsubishi Electric Co. The two contracts totaled 3,266 million yen.

The Defense Agency entered into huge contracts with major defense industry contractors at its director general's orders. This is extremely unnatural.

Motonobu Miyazaki, 69, a former managing director of Yamada Corporation, a trading company dealing in munitions, is alleged to have lavishly wined and dined Moriya at a restaurant, at which Kyuma is also said to have been one of the participants. The Defense Agency procured equipment at the orders of Kyuma and the incumbent defense minister, Shigeru Ishiba, when each were at the helm of the Defense Agency. This fact was revealed by the Defense Ministry in its Diet reply to a question asked by Hidekatsu Yoshii, a House of Representatives member of the Japanese Communist Party, in a meeting of the House of Representatives Cabinet Committee on Nov. 28.

The Defense Ministry, in its document presented to the committee, lists 12 equipment items that the Defense Agency procured when Kyuma was its director general under the Hashimoto cabinet. Those items included a new intermediate-range ground-to-air guided missile.

Those 12 equipment items on the list included a destroyer, a submarine, a minesweeper, a transport ship, a patrol helicopter, and an observation helicopter. They are all expensive.

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Among those optional contracts at the Defense Agency director general's orders, nine contracts were over 10 billion yen each.

For example, the Defense Agency contracted Mitsubishi Heavy Industries, Ltd. for "F-2A/B fighter support planes" at the total price of 90,665,800,000 yen. Another optional contract was with Kawasaki Heavy Industries, Ltd. for the "follow-on fixed-wing patrol aircraft" and "follow-on cargo aircraft" at 78,508,500,000 yen.

Shigegu Ishiba, who is the incumbent defense minister, also picked a contractor for the Maritime Self-Defense Force to procure the "follow-on rotary-winged aircraft (for minesweeping, airlifting, and antarctic airlifting support)" on July 30, 2003, when he was Defense Agency director general under the reshuffled Koizumi cabinet.

"Orders from the director general" are no longer used. However, the defense minister's powers are still overwhelming. "The Defense Ministry's head is not the administrative vice minister but is the defense minister," a former senior official of the Defense Ministry said. This former official added: "The defense minister does not give any straightforward orders. Even so, the defense minister will let us become aware of something in his mind, and we can see what the defense minister wants. It's only natural to consider that."

(8) Japan's unilateralism indisputably problematical

SANKEI (Page 13) (Slightly abridged)
December 4, 2007

By Naoyuki Agawa, professor at Keio University

Will the prime minister's resolution be carried out?

Relations between Japan and the U.S. have been brought back on track

in the aftermath of Prime Minister Fukuda's recent visit to Washington. According to media reports, Fukuda and President Bush in their summit meeting reaffirmed the importance of the bilateral alliance and the necessity to strengthen it. Fukuda declared that he would make utmost efforts to swiftly enact a new antiterrorism bill that would resume the Maritime Self-Defense Force's (MSDF) refueling mission in the Indian Ocean. Meanwhile, Bush said that the US would not easily delist North Korea as a state sponsoring terrorism and would not let the issue of Japanese nationals abducted by North Korea be forgotten. The two leaders also agreed on the need to expand bilateral intellectual exchanges.

Our nation's security policy has been constrained, as seen by the suspension of the MSDF refueling mission, following the Democratic Party of Japan's overwhelming victory in the July House of Councillors election, as well as by the series of scandals involving the Defense Ministry.

With only less than a year left until the U.S. presidential election, the foreign policy of the Bush administration, which has poured its energy into the Iraq war, has lost its luster, unlike in the past. Regarding its policy toward North Korea, too, the Bush administration remains unable to unify views.

It was significant, under such an ambiguous situation, that the leaders of Japan and the U.S. met and sent a message that they would never allow the foundation of the alliance to be shaken by changes

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in the domestic political situation. It is questionable, though, whether Japan will be able to live up to its resolution.

Savings may dry up

It is necessary to thoroughly consider whether the new antiterrorism bill, once rejected in the Upper House, should be brought back to the House of Representatives for a revote. The government also might have to trim its host nation budget for the US forces in Japan (the so-called "sympathy budget"), reflecting the current tight fiscal situation. Even the planned relocations of the US Marine Corps' Futenma Air Station within Okinawa Prefecture and of the Marine Headquarters to Guam, it will inevitably take more time and money. "I want you to understand this point" (Fukuda told Bush).

The abduction is a serious abuse of human rights, so the U.S. should not drop North Korea from the terror-sponsoring list. But on the issue of human-rights oppression in Burma, it is undesirable to drive that government into a corner by imposing stricter sanctions on it. I would like this difference understood.

It also is difficult for Japan to completely remove its conditions for the importing of American beef in view of ensuring food safety for the Japanese people. This, too, should be fully understood.

In general discussion, the two leaders pledged to strengthen the alliance, but on specific issues, (the prime minister) just asked for the other side's understanding and stopped short of promising any specific action. But the President made no unreasonable demands, because of the capital Japan has accrued from its concerted action with the U.S. in the war on terror.

But that capital can be easily drawn down. Japan's accumulated capital will soon dry up if Americans, who for many years have had to foot the bill for the enormous war expenses and sacrifice the lives of soldiers dispatched to the Middle East, begin to think of Japan as not shouldering the cost need to ensure its national security and as trying to cut its host-nation support responsibility, not to mention its banning U.S. beef imports.

Be more sensitive about measures for survival

Some critics complain that Japan's places too much emphasis on relations with the US. The Bush administration launched a strike on Iraq at its own discretion and without a United Nations resolution. Many Iraqi citizens were killed in the war, plunging the Middle East deeper into chaos. The situation in Afghanistan is the same. US

bases in Okinawa and other areas in Japan have also been pressed with an excessive burden due to such wars. Some might raise the question how long will Japan continue to blindly follow the U.S., a unilateralist country that has refused to sign the Kyoto Protocol.

But in the eyes of the U.S. and many other countries, Japan may appear to be the unilateralist instead. Although the U.S. may seem terribly selfish in some situations, Japan, too, sometimes takes uncompromising stances. The two countries are certainly unilateralist, but there is one difference. Although the U.S. is able to survive with its unilateralism, Japan cannot.

In the prewar period, Japan tried to maintain a unilateralism, but this attempt ended in failure. This experience prompted Japan to decide to form an alliance with the U.S. to protect its national

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security. In order for Japan to survive in East Asia under the current situation in which China is a rising military power and Japan's population is on the decline, it is absolutely necessary for Japan to maintain and strengthen the alliance with the U.S. It is certainly important to keep friendships with its neighbors strong, but neither the neighbors nor the United Nations will protect Japan from harm.

Democratic Party of Japan (DPJ) President Ozawa claims that Japan is not constitutionally allowed to dispatch Self-Defense Force troops overseas without a UN resolution. Citing constraints under Article 9 of the Constitution and under the pretext of multilateralism, Ozawa is indisputably taking a unilateralist stance in effect. Will the US seriously protect a nation that will make a decision based on the will of the UN whenever a UN resolution conflicts with the view of the U.S.? This view may open cracks in the bilateral alliance.

Japanese people have harshly criticized U.S. unilateralism, but they should be more sensitive about the negative impact of our own country's brand of unilateralism, as well.

(9) Hokkaido Toyako Summit: Niseko Higashiyama Prince Hotel a leading candidate to accommodate U.S. delegation; Noboribetsu Grand Hotel also a candidate

HOKKAIDO SHIMBUN (Page 1) (Full)
December 5, 2007

The Niseko Higashiyama Prince Hotel (200 rooms in main building, 500 rooms in new annex) in the town of Niseko in Shiribeshi has surfaced as a likely candidate to accommodate the United States delegation comprising some 800 personnel, the largest scale among the participating countries, during the G8 Hokkaido Toyako Summit on (July 7-9) next year, sources concerned said by yesterday. The Ministry of Foreign Affairs (MOFA) has also indicated that the hotel is one of the candidates. The United States, however, is also checking the Noboribetsu Grand Hotel (261 rooms) in the Noboribetsu hot-spring resort area as a candidate. MOFA plans to make final coordination with the U.S. government and the hotel.

According to accounts by the sources concerned, after a decision was made in April on the Toyako Summit, the Japanese government sounded out the U.S. side on using a major hot-spring hotel in the town of Toyako in Iburi, home to The Windsor Hotel Toya, the main summit venue.

In response, the U.S. side expressed concern that in the case of the Toyako hot-spring area hotel, they might have to use it jointly with other participating countries. The U.S. indecently examined hotels, and as a result, the two hotels have suddenly surfaced.

The Higashiyama Prince Hotel has 700 rooms. If nearby hotels are included, it may be able to meet the U.S. "one-person-one-room" principle putting high priority on privacy. The probability of turning parking lots and golf courses into heliports seems to have received high recognition as well.

The distance between the hotel and the main summit venue is approximately 46 kilometers via roads and National Highway 230.

Visiting there frequently, U.S. government officials have been checking the hotel based on a plan to reserve all of its rooms.

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The Seibu Group opened the Niseko Higashiyama Prince Hotel along with the sky resort in 1982. But the group decided to sell it due to its financial crisis. The hotel was purchased by Citigroup, a major U.S. banking institution, in March this year. It later concluded a management contract with the global hotel chain Hilton Hotels Corp.

The hotel is scheduled to operate under the new name of Hilton Niseko Village in July 2007. If the U.S. delegation is to stay there, the U.S. government would indirectly support the American hotel immediately after its opening.

The Noboribetsu Grand, on the other hand, is a hotel that can offer Western style services, which is rare in hot-spring resort areas, with nearly 90 Western style rooms, which is far less than that of the Higashiyama Prince Hotel, however. The hotel is scheduled to complete its grand renovation by the consecutive holidays in May 2007, its 70th anniversary. The hotel is about 69 kilometers away from the main summit venue via the Hokkaido Expressway.

The hotel is earnestly selling itself by playing up such historical events as that the late Emperor Showa (Hirohito) stayed there twice and that it was requisitioned by the Allied Forces General Headquarters (GHQ) after WWII. U.S. government officials also seem to be checking the communications environment, security, and other factors.

Reportedly, the two hotels are being challenged to improve their communications environments and their funding.

There is information that Britain has already secured a hotel on Lake Toya for the summit.

SCHIEFFER